



RSM Tenon

Poland

Eastern tech attraction

Population: 38.17 million

Labour force: 17.16 million

GDP per capita: \$17,549 (2009)

Real GDP growth: 1.7% (2009)

Direct investment: 2.65% of GDP (2009)

World Competitiveness Ranking 2010:
32nd

It is now a familiar declaration that global investment flows are heading from west to east, to the FDI hotspots of China, India and Central and Eastern Europe (CEE). While the recession hit FDI performance in the CEE region, reducing the number of FDI projects in 2009 by one-third, the long term trend is still very positive.

Central and Eastern Europe

According to statistics compiled by fDi Intelligence*, since 2003, the CEE countries have attracted over 16,400 investment projects from foreign companies, creating more than 4.8 million new jobs. This is a very good performance and Poland is up there with the leaders. It ranks number two after Russia for number of FDI projects attracted, and number three in terms of new jobs created. Poland has secured a 20% share of all overseas companies investing in the CEE countries.

The technology sector

The technology sector - ICT and electronics - has been an important contributor to these FDI gains. Investments in electronic components, consumer electronics, communications, semiconductors and software and IT services have accounted for 13 % of all FDI projects into the CEE. Each year the digital infrastructure in the CEE gets better and better. Several CEE countries - Estonia, Slovenia, the Czech Republic, Lithuania, and Hungary - are now well positioned in the digital connectivity rankings.

With the attraction of the CEE's competitive costs combined with available skilled labour, manufacturing investment has been to the fore. Over the years certain manufacturing specialisms have developed in particular countries. This includes telecommunications in Estonia, car and consumer electronics in Slovakia and televisions in Poland. It has been quoted that half the televisions sold in Europe are produced in Poland.

Investments

We are poised for the next wave of investments into the CEE, which will be much more focused on services and software. The growing popularity of cloud computing; the increasing dominance of wireless mobility; the relentless demands on cyber security; the rising prominence of smart grids putting more intelligence into utilities, all mean that new and improved software solutions are being continually needed. Software programming skills are in high demand.

While Silicon Valley in the US is still the undisputed champ in producing the latest high growth tech companies, Europe is getting in on the act. London is becoming a focus for tech entrepreneurs and a wide range of venture capital and other funds to be invested in the new tech enterprises - with new ideas and business models coming from all over Europe, including the CEE countries.

We are also seeing a growth in CEE countries providing near shoring services to tech companies in Western Europe and the US, offering cost-effective access to tech talent.

Poland is positioning itself as a high growth, high value economy. But to achieve real success from the new FDI flows, Poland needs to show how it benefits companies through its talent base, namely its people and their tech-savvy skills. That is the big story. We want to hear about the software programming skills available; the new ICT companies being established by local entrepreneurs; the venture capital and angel funding going into Poland's latest tech start ups; new tech collaborations; new business models. With Skype, Estonia produced the first billion euro tech company from the CEE. Now let us see what tech achievements Poland can deliver.

* All statistics are provided from the fDi Markets database of fDi Intelligence from the Financial Times Ltd.

RSM Tenon Limited is a member of RSM Tenon Group.

RSM Tenon Limited is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practices in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

RSM Tenon Limited (No 4066924) is registered in England and Wales. Registered Office 66 Chiltern Street, London W1U 4GB, England.

2978310(11)C MS01297011

If you are seeking out exciting new locations, maybe we can help:

Mike Sables, Director, **Tel:** +44 (0) 118 955 4210 **Email:** mike.sables@rsmtenson.com

Gayle Morley, Director **Tel:** +44 (0) 118 955 4208 **Email:** gayle.morley@rsmtenson.com

Web: www.techlocate.com

Web: www.rsmtenson.com